

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SECURITY INFORMATION

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1. The Budapest Lang Machine Factory is in great difficulties due to forced economies. One of the main worries is that 30 tons of vitally important imported graphite were not delivered, and also that the plant was unable to get diesel motor spare parts from abroad. Since Hungary is unable to acquire from the West the necessary high grade Cobalt steel, and the East cannot supply it, the plant had to construct a milling machine made of domestic hard steel.
  2. Since the fall of 1952 the Lang Machine Factory has not received any foreign circular saw blades either. Due to the difficulties of importing materials and of purchasing machinery, the plant had to revert to the method of breaking-up instead of cutting-up material. There is much trouble due to the Russian argon-gas welding method used with aluminum and rust proof materials, since the boiler manufacturing shop cannot get any foreign rust-proof electrodes. Lately protective coatings have been applied instead of rustproof steel construction. The plant had to manufacture an aluminum condenser for the Food Investment Company instead of the usual steel one.
  3. The quality of the products has deteriorated during the past six months. Special solutions had to be found in every branch due to lack of first grade material. Among other products the plant manufactures sugar refineries, where instead of the necessary copper pipes steel pipes are used.
  4. Not only at the factory but all over Budapest, the greatest economy is in effect as to the use of shaped and round forms in the construction business. There is an unprecedented shortage of construction wood all over the country. It is rumored that the import of construction wood from Austria will be stepped up.

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5. The main product of the Lang Machine Factory is the locomotive, produced for foreign markets. Condensers and absorbers are produced for the Hungarian chemical industry. The only result achieved by the plant in the past six months was the cutting down of seconds. In the field of locomotive production, however, they are constantly late with shipments.
6. The introduction of the so-called "reforms" and Russian "modern production" consisted of nothing more than increased economy of material, and elimination of first class raw material, all stop-gap instructions, due to shortages. Propaganda makes a great play on the "renewal of used tools".
7. The workers' greatest worry is the food problem. They may get a lunch at the mess of the plant for 5 forints, but hardly anybody can eat it. The food is cooked without any fats and is very often spoiled. The cheap sausages are unedible, full of water, and often putrid. The bacon is like rubber. The workers buy lard on the black market in the country for 55 forints in order to stave off starvation. They can afford to eat meat on only great holidays.
8. The workers have been unable to buy a suit of clothes for years, because the prices are exorbitant; anything wearable starts at 1,300 forints. It is not worth while to buy anything cheaper because once it gets wet it falls apart. The workers wear pigskin boots with artificial leather soles, priced at 250 forints and up. Informant has one pair of shoes, which he bought at the beginning of November 1952; the soles are already coming off.
10. The majority of the workers at this plant had not had one single day of vacation during 1952. However, anyone who could bring a doctors' certificate stating that he had a grave case of heart disease, or similar serious ailment, and asked for 8 days of vacation, usually received it.

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